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Dr. Helmut Sonnenfeldt
Director of Research and Analysis, Soviet Bloc
Bureau of Intelligence and Research
Department of State

Dear Hal:

Your Special Assistant for Economic Affairs, Dr. Block, has requested our support in preparing answers to questions posed by the NATO Committee of Economic Advisors in NATO Document AC/89-R/97, 29 September.

I have had my staff prepare the materials in Enclosure A to respond to specific points raised in Dr. Block's memorandum to me. Enclosure B contains some brief comments on a recent estimate of the dollar valuation of Soviet defense expenditures made by the Institute for Strategic Studies in London. Dr. Block indicated by telephone that such comments would be useful to the US mission to NATO. Enclosure C contains information requested on the defense budgets of Eastern European Communist nations and the relationship of these budgets to Gross National Product.

We have been assisted in this effort by the Office of Economic Research. The materials are individually classified and are judged to contain no information which reveals sensitive intelligence sources or methods. The Department of State may authorize their release within NATO security control channels if in its judgment this is warranted by USX1A9a

BRUCE C. CLARKE, Jr.
Director
Strategic Research

Enclosures:
As stated

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